



CITY OF LODI COUNCIL COMMUNICATION

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AGENDA TITLE: Set Public Hearing for September 19, 2007 to introduce ordinance amending Chapter 13.20, "Electrical Service," by adding new Schedule CSS (California Solar Initiative Surcharge) to become effective December 1, 2007 (EUD)

MEETING DATE: September 5, 2007

PREPARED BY Electric Utility Director

RECOMMENDED ACTION: Set Public Hearing for September 19, 2007 to introduce ordinance amending Chapter 13.20, "Electrical Service," by adding new Schedule CSS (California Solar Initiative Surcharge). It is recommended that implementation be effective December 1, 2007. This surcharge will serve as the funding mechanism for the state-mandated solar program.

BACKGROUND INFORMATION: California Senate Bill 1 (SB1), known as the California Solar Initiative (CSI), was chaptered into state law in August 2006. The CSI requires all electric service providers in the state to establish a rebate program for the installation of photovoltaic/solar systems on residential, commercial and industrial customer sites. The CSI must begin no later than January 1, 2008 and is mandated for ten consecutive years. Rebates are required to be no **less** than \$2.80 per watt in year one, then dropping by 7% each year thereafter.

The state-wide municipal utility share of the CSI for ten years is \$784 million, as established by the legislation. Lodi's municipal utility percentage share of the CSI is 0.79%, which is approximately \$6 million over ten years, based on energy sales during fiscal year 2005-2006. Lodi's obligation to provide rebates for the CSI are limited to this amount. The proposed Lodi Solar Rebate Pilot Program would limit expenditures for this program at \$600,000 per year. This would require funding at approximately one-eighth cent per kilowatt-hour of retail sales (\$600,000.00 - 480,000,000 kWh = \$0.00125).

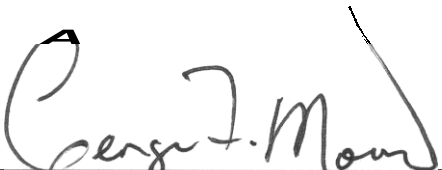
For an average residential customer paying about \$117 per month for electricity the proposed surcharge would add about 80 cents to the bill.

The CSI allows utilities to fund their solar rebate program via a rate surcharge. It is proposed that a flat per kWh rate surcharge, initially \$0.00125, be established to fund the mandated program. Other funding sources were considered besides the recommended surcharge. These included:

- No surcharge: The **use** of existing funds would put the fund balance as well as our recently improved credit rating at risk.
- Use of Public Benefit Funds: The legislation does not allow for a reduction in the dollars currently expended on existing public benefit programs to fund the CSI program.

FISCAL IMPACT: A California Solar initiative Surcharge of one-eighth cent per kilowatt-hour (\$0.00125/kWh) would collect approximately \$600,000 per calendar year to fund the state-mandated solar rebate program in Lodi.

FUNDING: Not applicable.


George F. Morrow, Electric Utility Director

Prepared By: Sondra Huff, Sr. Rate Analyst

APPROVED: 

Blair King, City Manager



***Please immediately confirm receipt
of this fax by calling 333-6702***

CITY OF LODI
P. O. BOX 3006
LODI, CALIFORNIA 95241-1910

ADVERTISING INSTRUCTIONS

SUBJECT: PUBLIC HEARING TO CONSIDER INTRODUCTION OF AN ORDINANCE
AMENDING CHAPTER 13.20, "ELECTRICAL SERVICE," BY ADDING
NEW SCHEDULE CSS (CALIFORNIA SOLAR INITIATIVE SURCHARGE)
TO BECOME EFFECTIVE DECEMBER 1, 2007

PUBLISH DATE: SATURDAY, SEPTEMBER 8, 2007

LEGAL AD

TEAR SHEETS WANTED: Three (3) please

SEND AFFIDAVIT AND BILL TO: RANDI JOHL, CITY CLERK
City of Lodi
P.O. Box 3006
Lodi, CA 95241-1910

DATED: THURSDAY, SEPTEMBER 6, 2007

ORDERED BY: RANDI JOHL
CITY CLERK


JENNIFER M. PERRIN, CMC
DEPUTY CITY CLERK

DANA R. CHAPMAN
ADMINISTRATIVE CLERK

Verify Appearance of this Legal in the Newspaper – Copy to File

Faxed to the Sentinel at 369-1084 at 12:30 (time) on 9/6/07 (date) 2 (pages)
LNS _____ Phoned to confirm receipt of all pages at _____ (time) _____ JLT _____ DRC _____ JMP (initials)



DECLARATION OF POSTING

**PUBLIC HEARING TO CONSIDER INTRODUCTION OF AN ORDINANCE
AMENDING CHAPTER 13.20, "ELECTRICAL SERVICE," BY ADDING NEW
SCHEDULE CSS (CALIFORNIA SOLAR INITIATIVE SURCHARGE)
TO BECOME EFFECTIVE DECEMBER 1, 2007**

On Friday, September 7, 2007, in the City of Lodi, San Joaquin County, California, a Notice of Public Hearing to consider introduction of an ordinance amending Chapter 13.20, "Electrical Service," by adding new Schedule CSS (California Solar Initiative Surcharge) to become effective December 1, 2007 (attached and marked as Exhibit A), was posted at the following locations:


Lodi Public Library
Lodi City Clerk's Office
Lodi City Hall Lobby
Lodi Carnegie Forum

I declare under penalty of perjury that the foregoing is true and correct.

Executed on September 7, 2007, at Lodi, California.

ORDERED BY:

**RANDI JOHL
CITY CLERK**


JENNIFER M. PERRIN, CMC
DEPUTY CITY CLERK

DANA R. CHAPMAN
ADMINISTRATIVE CLERK



CITY OF LODI

Carnegie Forum
305 West Pine Street, Lodi

NOTICE OF PUBLIC HEARING

Date: September 19, 2007

Time: 7:00 p.m.

For information regarding this notice please contact:

Randi Johl

City Clerk

Telephone: (209) 333-6702

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that on **Wednesday, September 19, 2007**, at the hour of 7:00 p.m., or as soon thereafter as the matter may be heard, the City Council will conduct a public hearing at the Carnegie Forum, 305 West Pine Street, Lodi, to consider the following matter:

- a) Introduction of an ordinance amending Chapter 13.20, "Electrical Service," by adding new Schedule CSS (California Solar Initiative Surcharge) to become effective December 1, 2007

Information regarding this item may be obtained in the Electric Utility Department, 1331 South Ham Lane, Lodi, (209) 333-6762. All interested persons are invited to present their views and comments on this matter. Written statements may be filed with the City Clerk, City Hall, 221 West Pine Street, 2nd Floor, Lodi, 95240, at any time prior to the hearing scheduled herein, and oral statements may be made at said hearing.

If you challenge the subject matter in court, you may be limited to raising only those issues you or someone **else** raised at the public hearing described in this notice or in written correspondence delivered to the City Clerk, 221 West Pine Street, at or prior to the close of the public hearing.

By Order of the Lodi City Council:

Randi Johl

City Clerk

Dated: September 5, 2007

Approved as to form:

D. Stephen Schwabauer
City Attorney